

Econ one: notes 1 econ

What is econ?

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Allocation of resources, supply and demand, money, stock market.

What is the definition of economics? Basically how we deal with the problem with scarcity and how do we deal with the problem of limited resources. Who gets what* whose got the money for something* what is it that we are giving away *

What is the problem with scarcity? A situation in which unlimited wants exceed the limited resources available to fulfill these wants. Not enough resources.

To systems:

Market system and central plan on a spectrum.

Central plan: The government decides who gets what. They decide basically every economic decision. There is no such thing as a 100% central plan.

Market plan: opposite, based on a price system, who can afford what basically.

Market system		central plan		
HK, Singapore	U.S,CA,	Europe	Russia	Cuba, North Korea

Micro V.S macro

Micro econ: The theory of the firm. Or structure of the firm or consumer chose. Markets. Supply and Demand. Keyword: Demand

Macro econ: economy wide variables, gdp, inflammation, GNP, employment, unemployment, looking at the economy as a whole.

Financial economics: basically the combination of both micro and macro.

Monetary economics: (macro)

Labor economics: (Micro)

How do consumers make choices: cross benefit analysis.

Marginal analysis : addition (mardignal cost vs. marginal benefit) comparing the two.

Opportunity cost: The best best thing you give up to get what you got. Giving away something for whats best.

example on notebook paper

Productive efficiency: situation in which a good service is produce at the lowest possible cost.

Allocated efficiency: producing basically what the consumer want. Basically produce on demand.

Voluntary exchange: putting it on the shelf and we buy. We give you money and you give us stuff.

Equity: fair distribution of economic benefits. How we give away things fairly.

Economic variable: something measurable that can have different values. (example: income, prices ,etc)

Positive V.S. Normative economics

Positive: what is . Ex: u is at 5.5 %, fact

Normative: what ought to be. Ex: u is "too high" at 5%, opinion

Graphing: X axis and Y axis, coordinates, negative and positive (look on notebook paper to see supply and demand curve)

If you go up on the graph between supply and demand quantity supply increases and the quantity demand decreases. If you go down the demand increases and the supply decreases.

For percent change: go to notebook paper to look at equation. $\frac{X_t - X_{t-1}}{X_{t-1}} \cdot 100$

END OF CHAPTER ONE NOTES

Economics day 2:

Production probability curve: a curve showing the maximum attainable combination of two products that may be produced with available resources and current technology. \

How much of products can one produce given that they effect each other. Almost like opportunity cost.

Increasing margin of opportunity cost: Go look for an example

Absolute advantage: is the ability of an individual , a firm, or a country to produce more of a goo or service than competitors ,using the same amount of resources. **Lowest absolute cost**

Example: one guy can produce more products with the same amount of resources. Lowest absolute cost

Comparative advantage: Is the ability of an individual, a firm, or a country to produce a good or service at a lower **opportunity cost** than competitors.

Clarification: given up the opportunity cost to focus on something else. Given up one thing to specialize in another thing.

Production possibilities curve recap: how much you can produce at a cost. Lets say there is a company that can produce both cars and tanks they have to give up one thing in order to make the equilibrium easier. Let's say they want to make 500 tanks in order to do that they can only make 200 cars that's giving away 300 cars. It's a comparative opportunity cost.

Micro ppf v.s. macro ppf :

Macro: the more capital goods we produce the more the consumer goes up. Based on capital good.

Micro: along the curve its equilibrium. Inside the curve its insufficient. Anything on the outside is unattainable. Based on demand

END OF CHAPTER 2 NOTES

Econ chapter 3:

Law of demand: A.O.E, all of the things equal

Price and quantity

Quantity demanded are inversely related

Negative slope because you want more of it.

Demand always a negative slope.

Law of supply: all of the things equal

Price and quantity supply

Pos related

Positive slope

Quantity is the number of

Change in price doesn't not make the curve shift. Only along the curve